

## Editorial of the Day – 28.03.2026

### Index

|                                                                                       |     |
|---------------------------------------------------------------------------------------|-----|
| 1. Beyond the rhetoric of the north-south divide (TH)                                 | -01 |
| 2. GDP: From the US to India, who are the economic winners and losers of US-Iran war? | -03 |
| 3. Grim future for world economy (BL)                                                 | -06 |
| 4. Justice for CAPFs, stability for the nation (TP)                                   | -08 |

### 1. Beyond the rhetoric of the north-south divide (TH)

**GS Paper II:** Polity, Governance, and Social Justice.

**Topic:** Issues and challenges pertaining to the federal structure; Devolution of powers and finances.

**Sub-Topic:** Regionalism, Inter-state disparities, Finance Commission mandates, and the Delimitation Exercise

#### 1. Introduction

India's development trajectory is increasingly characterized by a "Dual-Speed" growth model. While the nation aims for a \$5 trillion (and beyond) economy, the gap between the Peninsular States (South) and the Great Indian Plain (North) has deepened into a structural fault-line. This divide is not just about GDP numbers; it encompasses demographic shifts, human development indicators, and the looming 2026 delimitation exercise, which threatens to unbalance the political equilibrium of the Republic.

#### 2. The Socio-Economic Fault-line: "Two Unequal Indias"

The divergence between the two regions has created two distinct socio-economic realities:

**The Peninsular Success:** Southern states have achieved human development indicators (health, TFR, literacy) that align with global middle-income standards. They are characterized by higher per capita income and better social infrastructure.

**The Heartland Struggle:** The Northern heartland continues to grapple with lower income levels, higher population growth, and weaker human development indicators, resembling developing regions.

**Structural Imbalance:** This is no longer a uniform national story; the development gap has become a fixed feature of the Indian landscape, raising concerns about long-term national cohesion.

#### 3. The Mismatch: Economic Power vs. Political Representation

A core tension in 2026 is the growing disconnect between who "earns" for the country and who "decides" for it:

**Wealth Creation:** The Southern states contribute a disproportionately high share to the national exchequer and industrial output.

**Political Dominance:** Due to higher population density, the Northern states hold greater representation in Parliament.

**The Delimitation Crisis:** With the freeze on seats set to expire, an upcoming **delimitation exercise** based on recent population data threatens to further reduce the political weight of Southern states. This creates a perception that the South is being "penalized" for its success in population control.

#### 4. Risks to Federal Stability

History provides cautionary tales (like the USSR or Yugoslavia) where perceived economic extraction led to regional fragmentation.

**Subsidizing the Majority:** A "productive minority" (South) perceives itself as perpetually subsidizing a "poorer majority" (North) without adequate political recourse.

**Federal Trust Deficit:** If the South feels its economic contribution is met with political marginalization, the spirit of Cooperative Federalism suffers.

**Threat to Unity:** Continued economic extraction without inclusive political growth could fuel regionalist sentiments, potentially weakening national unity.

## 5. Internal Challenges within the South

It is a mistake to view the South as a monolithic utopia. It faces its own "Middle-Income Trap":

**Urban Concentration:** Wealth is often concentrated among urban elites, leaving rural hinterlands within Southern states behind.

**Social Stagnation:** Economic growth has not fully eroded deep-seated issues like caste hierarchies, patriarchy, and gaps in the rule of law.

**Fragile Success:** The regional success is uneven and remains vulnerable to shifts in global supply chains and internal migration pressures.

## 6. Proposed Reforms: Toward a New Social Contract

Addressing the divide requires moving beyond regional identity politics toward systemic reform:

**Fair Representation Models:** Exploring concepts like Digressive Proportionality (ensuring smaller states retain a minimum effective voice regardless of population).

**Inclusive Economic Growth:** Shifting focus from mere "transfers" to building self-sustaining industrial bases in Northern states to reduce the subsidy burden on the South.

**Internal Migration Balance:** Addressing the rights of "internal outsiders" (migrant workers) to ensure social stability across borders.

**Institutional Strengthening:** Empowering the Finance Commission and GST **Council** to act as neutral arbiters of regional equity.

## Conclusion

The North-South divide is the ultimate test of the Indian Union's "Unity in Diversity." It is a delicate balance between the North's population-based democratic right and the South's performance-based federal right. Scurrying toward 2030, India needs a new social contract—one that ensures political fairness, rewards developmental success, and uplifts the lagging regions through cooperative, rather than coercive, federalism.

Source: <https://www.thehindu.com/opinion/lead/beyond-the-rhetoric-of-the-north-south-divide/article70793560.ece>

## Question

**"The 'North-South Divide' in India is evolving from a demographic and economic disparity into a structural threat to the federal equilibrium of the Union. Critically analyze the implications of the upcoming delimitation exercise on regional representation and suggest a framework for a 'New Social Contract' to ensure national unity." (250 Words, 15 Marks)**

### 1. Introduction

India's federalism is currently navigating a "Dual-Speed" reality. While the Southern states have achieved middle-income status with advanced human development indicators (HDI), the Northern heartland continues to struggle with high population growth and lower income levels. In 2026, this divide is being tested by the looming delimitation exercise, which threatens to transform demographic success into political marginalization for the South.

### 2. Implications of the Delimitation Exercise

The upcoming redistribution of Parliamentary seats based on current population data poses several risks:

**The 'Performance Penalty':** Southern states, which successfully implemented national goals of population control and literacy, fear losing their political voice. A decrease in their share of seats in the Lok Sabha would mean less influence over national policy and budget allocations.

**Mismatch of Economic and Political Power:** The South contributes a disproportionately high share to the national GDP and tax exchequer. However, the North holds the "demographic dividend" that translates

into greater legislative dominance. This creates a perception of economic extraction without adequate political representation.

**Risk to Federal Trust:** If one region feels its developmental success leads to political irrelevance, the spirit of Cooperative Federalism is undermined. Historical parallels (like the fragmentation of the USSR) suggest that such perceived imbalances can fuel regionalist sentiments.

### 3. Fiscal and Social Fault-lines

**The Subsidy Tension:** The Finance Commission's use of 2011 population data for horizontal devolution has already created friction. Southern states argue that the "revenue-sharing" model should reward efficiency and performance rather than just "needs and population."

**The Internal Migration Crisis:** As labor moves from the North to the South, "internal outsiders" often lack political rights in their host states, while the Southern states face cultural and linguistic anxieties, complicating social cohesion.

### 4. Framework for a 'New Social Contract'

To bridge this gap, India requires a balanced reform that respects both Democratic Rights (population) and Federal Rights (performance):

**Institutional Safeguards:** Exploring Digressive Proportionality, where seat allocation is not purely population-based, ensuring smaller/successful states retain a "minimum effective voice."

**Empowering the Rajya Sabha:** Transforming the Upper House into a true "House of States" with equal or weighted representation for states, regardless of population, to act as a federal check on the Lok Sabha.

**Performance-Linked Devolution:** The 16th Finance Commission must balance "Equity" (uplifting the North) with "Efficiency" (rewarding the South), ensuring that success in health and education is not financially penalized.

**Inclusive Industrialization:** Aggressively building industrial corridors in the North to create a "convergence" of income levels, reducing the long-term dependence of the Heartland on Peninsular transfers.

### 5. Conclusion

The North-South divide is not a zero-sum game; the North needs the South's capital and technology, while the South needs the North's market and labor. National unity in 2026 depends on transitioning from "Coercive Federalism" to a "Social Contract of Shared Prosperity." By protecting regional representation and rewarding developmental excellence, India can ensure that its demographic diversity remains a strength rather than a structural fault-line.

Source: <https://www.thehindu.com/opinion/lead/beyond-the-rhetoric-of-the-north-south-divide/article70793560.ece>

## 2. GDP: From the US to India, who are the economic winners and losers of US-Iran war?

**GS Paper III:** Indian Economy & International Relations

**Topic:** Effects of liberalization on the economy; Changes in industrial policy and their effects on industrial growth.

**Sub-Topic:** Geopolitics and Global Economic Transmission, Energy Security, and Exchange Rate Volatility.

### 1. Introduction

In early 2026, the global economy is grappling with a renewed era of "geopolitical heartburn." The escalation in West Asia has not just disrupted regional peace but has triggered a series of economic shockwaves across trade, finance, and energy channels. For India, which sits at the crossroads of these global linkages, the conflict represents a significant "external headwind" that threatens the stability of the Rupee and the trajectory of domestic inflation.

### 2. Geopolitical Conflict & Global Economic Transmission

The crisis acts as a catalyst for global volatility through several key vectors:

**The Hormuz Chokepoint:** The conflict places a direct threat on the Strait of Hormuz, a maritime artery through which nearly 20% of the world's oil supply pulses. Any blockade here is not just a regional issue but a global energy cardiac arrest.

**Capital Flight to Safety:** Global uncertainty has triggered a "Risk-Off" sentiment. Investors are fleeing emerging markets in favor of "Safe Haven" assets like Gold and the US Dollar.

**Interconnected Vulnerability:** Unlike previous eras, the 2026 economy is hyper-globalized. A disruption in West Asian logistics immediately translates into higher production costs in Noida or Tokyo.

**Historical Echoes:** This mirrors the 1991 Gulf War and the 2022 Russia-Ukraine shock, where energy became the primary weapon of economic transmission.

### 3. Impact on Global Growth: Divergent Destinies

The OECD Economic Outlook (2026) suggests that while global growth remains at 2.9%, the pain is far from uniform:

**The Hardest Hit (Europe & UK):** High energy dependence has pushed the Euro Area into a **-0.4%** slowdown and the UK into a -0.5% slump.

**The Strategic Gainer (USA):** Paradoxically, the US economy is projected to gain +0.3 percentage points. Its status as a major energy producer and a destination for capital flight cushions it against the shocks hitting its allies.

**The Insulated Players (China & Russia):** Both nations have leveraged alternative trade networks and "de-dollarized" channels to remain relatively resilient.

### 4. Inflationary Pressures and the Energy Shock

The conflict has birthed a new wave of Cost-Push Inflation:

**Imported Inflation in India:** India's inflation is set to leap from ~2% (2025) to 5.1% (2026), breaching the RBI's medium-term target of 4%.

**Logistics & Production:** Rising crude prices filter through the economy, raising the cost of everything from food transport to industrial manufacturing.

**The Developed World's Burden:** Japan, Korea, and the EU are seeing inflation spikes of over 1 percentage point, dampening consumer spending.

**The "Oil-Rich" Exception:** Nations like Saudi Arabia remain insulated, enjoying a "windfall" from higher export prices.

### 5. Currency Depreciation & Financial Markets

The Indian Rupee is currently a "barometer of external stress":

**The 4% Slide:** In just one month, the Rupee plummeted to ₹94.6/\$, a depreciation rate nearly double its usual annual average.

**Exchange Rate as a Signal:** This rapid fall reflects a widening Current Account Deficit (CAD) and a massive outflow of Foreign Portfolio Investment (FPI).

**Market Fluctuations:** Bonds and stocks are experiencing "whiplash" as investors adjust to a higher-for-longer interest rate environment globally.

### 6. Sectoral Impact on the Indian Economy

India's economic structure makes it uniquely sensitive to this conflict:

**Energy Achilles' Heel:** With over 85% oil import dependency, India's fiscal math is at the mercy of crude prices.

**Agriculture & Industry:** High fuel prices drive up fertilizer costs (India's agricultural backbone) and input costs for the manufacturing sector.

**Trade Balance:** A surging oil bill threatens to deplete India's hard-earned foreign exchange reserves.

**The Devaluation Silver Lining:** On the flip side, a weaker Rupee may boost IT services exports and Pharmaceuticals, making Indian products cheaper in the global market.

### 7. Policy Response & Economic Resilience

India is not a passive spectator; it is actively building "economic fortifications":

**Monetary Tightening:** The RBI is expected to use interest rate hikes to defend the Rupee and anchor inflation expectations.

**Strategic Petroleum Reserves (SPR):** India is leaning on its underground oil caches to manage supply hiccups.

**Energy Diversification:** The crisis has accelerated the shift toward Green Hydrogen and Renewables to break the fossil-fuel "oil-chain."

**Digital Strength:** India's robust Digital Public Infrastructure (DPI) ensures that domestic consumption remains resilient despite external shocks.

## Conclusion

The 2026 West Asia conflict is a reminder that in a globalized world, "geopolitics is macroeconomics." For India, the path forward requires a delicate balancing act: shielding the common man from imported inflation today while doubling down on Energy Sovereignty for tomorrow. While the Rupee may be under pressure, India's structural reforms and large domestic market provide a safety net that many other energy-importers lack.

Source: <https://indianexpress.com/article/explained/explained-economics/us-india-china-economic-winners-losers-iran-war-10604728/>

## Question

**"Discuss the multi-dimensional impact of the 2026 West Asia conflict on global economic stability. How should India navigate the resulting fiscal and monetary challenges to maintain its growth momentum?" (250 Words, 15 Marks)**

### 1. Introduction

The 2026 West Asia conflict has transcended its regional boundaries to become a "Global Economic Stress Test." By threatening the Strait of Hormuz—a artery for 20% of the world's oil—the crisis has triggered a "Risk-Off" sentiment. For a hyper-globalized economy like India, this manifests as a "Triple-Whammy" of surging energy costs, a depreciating currency, and imported inflation.

### 2. Multi-dimensional Impact on Global Stability

**Energy Shock & The "Winner-Loser" Gap:** Rising crude prices have created a sharp divergence. Energy-exporters like the USA (+0.3% growth) are benefiting from domestic production, while energy-dependent regions like Europe (-0.4%) and Japan are facing a sharp slowdown.

**Capital Flight & Safe Havens:** Global uncertainty has led to massive capital outflows from emerging markets. Investors are retreating to "Safe Havens" like Gold and the US Dollar, causing a spike in the Dollar Index and a corresponding crash in local currencies.

**Supply Chain Contraction:** Increased freight costs and insurance premiums in the Persian Gulf have disrupted global logistics, leading to a worldwide surge in Cost-Push Inflation.

### 3. Fiscal and Monetary Challenges for India

India, importing over 85% of its crude, faces specific structural pressures:

**The Rupee Slide:** In March 2026, the INR depreciated 4% to ₹94.6/\$. This raises the cost of all imports (not just oil), putting immense pressure on the Current Account Deficit (CAD).

**Inflationary Breach:** Domestic inflation has hit 5.1%, crossing the RBI's 4% median target. This "Imported Inflation" reduces the purchasing power of the Indian middle class and increases input costs for farmers (fertilizers).

**Fiscal Deficit Pressure:** High oil prices may force the government to increase subsidies or cut excise duties to protect consumers, potentially derailing the Fiscal Consolidation roadmap.

### 4. Navigating the Crisis: The Way Forward

To maintain its 6.1% growth momentum, India must adopt a multi-pronged strategy:

**Monetary Vigilance:** The RBI must engage in "Calibrated Tightening" to defend the Rupee and anchor inflation expectations without stifling credit growth for industries.

**Energy Sovereignty:** The conflict provides a "Strategic Pivot" point to accelerate the shift toward Green Hydrogen and Renewables, reducing the long-term "Oil-Chain" dependency.

**Trade Diversification:** India should leverage the weakened Rupee to boost exports in resilient sectors like IT services, Pharmaceuticals, and Textiles, while seeking alternative "non-dollar" trade arrangements with strategic partners.

**Strategic Reserves:** Utilizing Strategic Petroleum Reserves (SPR) to cushion short-term supply shocks can prevent a sudden "Fiscal Shock" to the exchequer.

## 5. Conclusion

The 2026 West Asia conflict is a reminder that in a globalized world, "Geopolitics is Macroeconomics." India's resilience lies in its large domestic market and digital economy, but its vulnerability remains rooted in its energy import bill. By balancing short-term monetary defense with long-term structural shifts toward Energy Autonomy, India can transform this external headwind into an opportunity for economic maturity and strategic independence.

Source: <https://indianexpress.com/article/explained/explained-economics/us-india-china-economic-winners-losers-iran-war-10604728/>

## 3. Grim future for world economy (BL)

### General Studies Paper III – Internal Security

**Topic:** Global economic trends and their impact on India

**Sub-Topic:** Inflation, recession, and macroeconomic stability

### Introduction

The global economy is entering a phase of heightened uncertainty marked by geopolitical tensions, inflationary pressures, and slowing growth. With limited fiscal and monetary space, economies face the risk of stagflation, making macroeconomic management increasingly challenging.

### 1. Current Global Economic Scenario

#### Slowing Growth

1. Major economies experiencing reduced economic expansion.

#### Persistent Inflation

1. Inflation remains elevated due to energy prices and supply disruptions.

#### Geopolitical Uncertainty

1. Conflicts disrupt trade routes and global supply chains.

### 2. Constraints on Policy Response

#### Limited Fiscal Space

1. High public debt restricts government spending capacity.

#### Monetary Policy Limits

1. Interest rate hikes to control inflation may slow growth further.

#### Trade-offs

1. Policymakers must balance growth, inflation, and financial stability.

### 3. Risk of Stagflation

#### Definition

1. Simultaneous occurrence of high inflation and low growth.

#### Drivers

1. Energy shocks, supply constraints, and weak demand recovery.

#### Consequences

1. Reduced investment, unemployment, and economic instability.

### 4. Financial Market Concerns

#### Capital Flow Volatility

1. Foreign investments may fluctuate due to global uncertainty.

## Currency Pressures

1. Exchange rate volatility affects trade and inflation.

## Asset Market Risks

1. Overvaluation and corrections in equity markets.

## 5. Implications for India

### External Vulnerability

1. Exposure to global shocks through trade and capital flows.

### Inflationary Pressures

1. Rising energy prices impact domestic inflation.

### Fiscal Challenges

1. Increased expenditure on subsidies and welfare.

## 6. Policy Priorities for India

### Macroeconomic Stability

1. Maintain balance between growth and inflation control.

### Fiscal Prudence

1. Rationalise expenditure while supporting critical sectors.

### Diversification

1. Reduce dependence on volatile global markets.

### Strengthening Domestic Demand

1. Promote investment and consumption.

## 7. Way Forward

### Structural Reforms

1. Improve productivity and competitiveness.

### Resilient Supply Chains

1. Strengthen domestic manufacturing.

### Prudent Policy Mix

1. Coordinate fiscal and monetary policies effectively.

## Conclusion

The global economy faces a challenging phase with limited policy options and rising risks of stagflation. For India, maintaining macroeconomic stability through prudent policies and structural reforms will be crucial to navigating this uncertain environment.

Source: <https://www.thehindubusinessline.com/opinion/grim-future-for-world-economy/article70793434.ece>

**Q. "The global economy is heading towards a stagflationary phase with limited policy space."**

**Discuss the causes and implications of this trend and suggest policy measures for India. (250 words)**

### Model Answer

**Introduction** Stagflation, characterised by high inflation and low growth, is emerging as a key risk in the global economy due to geopolitical tensions and supply disruptions.

### Causes

#### 1. Energy Price Shocks

1. Rising oil and gas prices.

#### 2. Supply Chain Disruptions

1. Impact of global conflicts.

### Measures

#### 1. Fiscal Prudence

1. Rationalise expenditure.

#### 2. Monetary Stability

1. Balance inflation control with growth.

**Conclusion** Managing stagflation requires a coordinated policy approach. India must focus on stability, resilience, and structural reforms to mitigate global economic risks.

Source: <https://www.thehindubusinessline.com/opinion/grim-future-for-world-economy/article70793434.ece>

## 4. Justice for CAPFs, stability for the nation (TP)

**General Studies Paper III – Internal Security**

**Topic:** Role of CAPFs in internal security

**Sub-Topic:** Centre–State coordination in policing

### Introduction

Central Armed Police Forces (CAPFs) form the backbone of India's internal security framework, operating across diverse terrains and challenges. The debate on CAPF reforms, particularly regarding service conditions and structural alignment, must be viewed in the broader context of **national security, federal coordination, and institutional efficiency.**

### 1. Role of CAPFs in Internal Security

1. CAPFs such as CRPF, BSF, ITBP, and CISF operate in border management, counter-insurgency, and law and order support.
2. They function in close coordination with state police forces.
3. Serve as a bridge between Union and State security mechanisms.

### 2. Key Issues in CAPF Governance

#### Service Conditions and Career Progression

1. Concerns regarding promotion, cadre management, and stagnation.

#### Operational Challenges

1. Frequent deployment in high-risk and diverse environments.

#### Coordination Gaps

1. Need for better integration with state police systems.

### 3. Federal Dimension of Internal Security

#### Interdependence of Forces

1. Internal security requires joint functioning of CAPFs and state police.

#### Avoiding Fragmentation

1. Creating parallel or isolated structures may weaken overall security architecture.

#### Constitutional Balance

1. Law and order is a State subject, while CAPFs operate under the Union.

### 4. Concerns with Isolated Reforms

#### Institutional Disconnect

1. Reforms that treat CAPFs separately may disrupt coordination mechanisms.

#### Operational Inefficiency

1. Lack of synergy can affect real-time response to threats.

#### Policy Fragmentation

1. Weakens unified command in critical situations.

### 5. Need for Balanced Reform

#### Structural Integration

1. Align CAPF reforms with broader internal security framework.

#### Career and Welfare Measures

1. Address grievances while maintaining operational effectiveness.

#### Strengthening Coordination

1. Improve joint training, communication, and inter-agency cooperation.

## 6. Strategic Importance

### National Security Stability

1. CAPFs are critical for maintaining internal stability and border security.

### Crisis Response Capability

1. Essential for handling insurgency, terrorism, and emergencies.

### Institutional Cohesion

1. Unified approach strengthens governance and security outcomes.

## 7. Way Forward

### Comprehensive Reform Approach

1. Integrate CAPF reforms within the national security architecture.

### Enhancing Coordination

1. Strengthen Centre–State collaboration.

### Capacity Building

1. Invest in training, technology, and modernisation.

Reforming CAPFs is essential, but it must be done within the framework of India's integrated internal security system. A balanced approach that ensures institutional cohesion, operational efficiency, and personnel welfare will strengthen national stability.

Source: <https://dailypioneer.com/news/justice-for-capfs-stability-for-the-nation>

**Q. Discuss the role of Central Armed Police Forces (CAPFs) in India's internal security framework. Examine the need for reforms while maintaining federal balance and institutional cohesion. (250 words)**

### Model Answer

#### Introduction

CAPFs play a crucial role in maintaining internal security by supporting state police and managing border security. Their functioning is integral to India's federal security architecture.

#### Role

##### 1. Internal Security

1. Counter-insurgency and law and order support.

##### 2. Border Management

1. Safeguarding national borders.

#### Need for Reform

##### 1. Service Conditions

1. Address career progression and welfare.

##### 2. Coordination

1. Improve integration with state police.

#### Conclusion

Reforms in CAPFs must balance personnel welfare with institutional efficiency. Strengthening coordination and integration will enhance India's internal security framework.

Source: <https://dailypioneer.com/news/justice-for-capfs-stability-for-the-nation>

